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## U.S. Foreign Trade Policy from the Revolution to World War I

Marc-William Palen

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### Summary and Keywords

Economic nationalism tended to dominate U.S. foreign trade policy throughout the long 19th century, from the end of the American Revolution to the beginning of World War I, owing to a pervasive American sense of economic and geopolitical insecurity and American fear of hostile powers, especially the British but also the French and Spanish and even the Barbary States. Following the U.S. Civil War, leading U.S. protectionist politicians sought to curtail European trade policies and to create a U.S.-dominated customs union in the Western Hemisphere. American proponents of trade liberalization increasingly found themselves outnumbered in the halls of Congress, as the “American System” of economic nationalism grew in popularity alongside the perceived need for foreign markets. Protectionist advocates in the United States viewed the American System as a panacea that not only promised to provide the federal government with revenue but also to artificially insulate American infant industries from undue foreign-market competition through high protective tariffs and subsidies, and to retaliate against real and perceived threats to U.S. trade.

Throughout this period, the United States itself underwent a great struggle over foreign trade policy. By the late 19th century, the era’s boom-and-bust global economic system led to a growing perception that the United States needed more access to foreign markets as an outlet for the country’s surplus goods and capital. But whether the United States would obtain foreign market access through free trade or through protectionism led to a great debate over the proper course of U.S. foreign trade policy. By the time that the United States acquired a colonial empire from the Spanish in 1898, this same debate over U.S. foreign trade policy had effectively merged into debates over the course of U.S. imperial expansion. The country’s more expansionist-minded economic nationalists came out on top. The overwhelming 1896 victory of William McKinley—the Republican party’s “Napoleon of Protection”—marked the beginning of substantial expansion of U.S. foreign

trade through a mixture of protectionism and imperialism in the years leading up to World War I.

Keywords: foreign trade policy, imperialism, reciprocity, protectionism, free trade, American System, economic nationalism, foreign markets

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## Trade, the Fiscal-Military State, and the American Revolution

The timing of the publication of Adam Smith's *Wealth of Nations* (1776) amid the American Revolution was more than coincidental. Smith in fact spilled a great deal of ink within his now-famous tome offering solutions to the imperial problem, solutions that might avoid further intra-imperial conflict between the British Empire and its thirteen agitated North American colonies. Colonial trade policy was key to Smith's proposed solutions, all the more so because, as he saw it, the conflict had largely arisen over the issues of trade and taxation. Smith's observations foreshadow the key role that trade policy would play in the shaping of U.S. foreign relations from the American Revolution to World War I.

The Bank of England ended up linking the American Revolution circuitously with imperial trade policy. Upon its 1694 creation, the Bank of England provided a modern form of banking that allowed for massive loans and large government debts, which in turn facilitated the creation of a stronger centralized government and an expanded army and navy. The British Empire had acquired a fiscal-military state, a modernized political economic system that could fund a standing army and navy across the empire through a combination of public debt and large revenues. This development had long-term repercussions felt throughout the globe, including among the peripheral British colonies of North America. The other European imperial powers had little choice but to follow Britain's fiscal-military suit. European governments increasingly had access to substantial lines of credit and revenue. Warfare, imperial expansion, and balance-of-power politics all took on ever more global proportions as the European powers played a taxing game of "catch up" with their imperial rivals. Most spectacularly, the French and British fought the first "great war" from 1689 to 1815. However, these same mounting demands of the fiscal-military state began requiring massive injections of New World wealth into the European economy.

The British colonies thus became critical for financing British wars, which occasionally played out on the sidelines of the New World. Skirmishes between the British and French

in 1754 in the Ohio Valley sparked a global conflict—the Seven Years' War (1756–1763)—that was felt on nearly every continent. The war spanned from French Canada, the Great Lakes, and the Caribbean, to Bengal, Manila, West Africa, and the coast of France. The war also sparked a fiscal-military crisis within the British Empire, with long-term consequences for U.S. foreign trade policy. The end result led to the American Revolution and over a century of strained Anglo-American trade relations.

Britain's eventual military victory in the Seven Years' War also had long-term repercussions for European power politics. In the New World, Britain gained the French North American territories. The very gains from the war's settlement put more strain on British imperial finances. How would the empire pay for the defense of these large swathes of territory? Part of the answer lay in placing greater fiscal demands upon the British North American colonists to pay for their own defense. Such increases in colonial taxation without imperial representation, along with the growing market power of the thirteen colonies, in turn planted the seeds of dissent among Britain's North American colonists. The growth of the British Empire's fiscal-military need for revenue and liquidity therefore placed the marketplace of the peripheral thirteen colonies—and thus colonial trade policies—more and more into the center of British imperial debates.

Colonial consumer politics contributed to revolutionary demands. Mass consumption in the colonies helped create a unique colonial identity, a testament to colonists' growing economic and political individualism. For example, British colonial consumption of tea had stymied any possible cultural and political divisions. But colonial non-importation of these goods throughout the 1760s and 1770s demonstrated growing willingness among colonists, the majority of whom yet hugged the Atlantic coast, to stand together against the expansive—and expensive—system espoused by the debt-ridden imperial center in London, which viewed the seemingly decadent, free-loading thirteen colonies as able to bear more of the exorbitant costs of the modern fiscal-military empire.

It was this very fiscal-military crisis in the colonies that Adam Smith sought to resolve in calling for a complete change in the trade relationship between the imperial metropole and its disgruntled North American colonies. But the military successes of the Revolutionary army made Smith's proposed colonial trade reforms irrelevant. The end result was the creation of the United States. The subsequent Anglophobia and geopolitical tensions between the fledgling nation and its former motherland would lead to a series of Anglo-American trade wars in the next century and played a key role in shaping the development of U.S. foreign trade policy up to World War I.

## From Trade Wars to the War of 1812

The young country immediately found itself threatened on all sides. U.S. foreign trade policy reflected, and at times exacerbated, this geopolitical quandary. The United States was surrounded on all sides by hostile European empires, whether by land or by sea. The country's access to previously lucrative shipping lines and international markets was cut off. Yet the American national government found itself unable to override the intractability of the states on issues concerning public debt, domestic and foreign taxation, and providing for national defense—all key elements for a functioning modern fiscal-military state—owing to the decentralizing tendencies inherent in the Articles of Confederation. In other words, the U.S. government was effectively helpless when it came to protecting the country's foreign trade.

The Spanish Empire struck in 1784 in the American West, cutting off the Mississippi River to American shipping. John Jay, after much wrangling, was able to obtain potential, but not guaranteed, use of the Mississippi. This was not enough for some in the American South, dependent as that section was upon foreign exports. James Wilkinson of Kentucky, for instance, spent three months in 1787 with the Spanish governor of New Orleans, at the end of which Wilkinson pledged allegiance to Spain and suggested that he could deliver Kentucky to the Spanish Empire.

The episode hints at the problems facing both the future of U.S. foreign trade policy and the nation itself. In 1784, Massachusetts farmers found themselves unable to supply the fiscal demands being placed upon them, and they expressed their outrage with an armed uprising known as Shays' Rebellion. James Madison, the man who would become known as "the Father of the Constitution," came to believe the farmers were undertaking secret communications with the viceroy of Canada. All of this was occurring as Vermont considered union with Canada and as others in the West similarly flirted with the British in order to gain shipping and fishing access in the Great Lakes. As George Washington observed in 1784, "the western settlers ... stand as it were upon a pivot; the touch of a feather would turn them any way."<sup>1</sup>

Even as American leadership looked helplessly on as the country found itself surrounded on all sides by hostile European powers, Barbary pirates began raiding American merchant shipping in the Mediterranean. Suddenly bereft of British naval protection, U.S. trade was cut off from the Mediterranean. Desperate American officials John Adams and John Jay unsuccessfully attempted to obtain naval assistance from the Spanish, French, and even the British. Jefferson—so often associated with the agrarian-based ideology of free trade called "Jeffersonianism"—was so upset by European refusals of protection that in 1786 he suggested that Congress should enact a special punitive tariff on European

commerce to make up the expense. The Barbary threat to American Mediterranean trade greatly affected commercial calls for constitutional reform. The diplomatic historian Thomas Bailey has gone so far as to suggest that “in an indirect sense, the brutal Dey of Algiers was a Founding Father of the Constitution.”<sup>2</sup>

Lacking an adequate fiscal-military state, many of these foreign trade crises stemmed from the American national government’s inability to raise federal revenues, which were in large part gathered indirectly through import tariffs well into the 20th century. The federal government was in a bind, as it was unsure of how to pay off its foreign debt, which had grown quickly from 1783 to 1788. Nor did it know how it was going to pay for a sufficient army and navy to defend American territory and commercial interests.

Continued foreign trade restrictions exacerbated the demand for constitutional reform. Beginning in July 1783, British Orders in Council had shut off the British West Indies to American trade. By 1788, U.S. exports there declined by 46 percent. Further Orders in Council barred U.S. ships from carrying non-British goods into any port in the British Empire. American farmers who produced enough for foreign export suffered most from the loss of the British West Indies market. By 1786 the unequal balance of trade showed British exports to the United States nearly double American exports to Britain.

Farmers were not the only ones suffering from a decentralized U.S. foreign trade policy in the 1780s. Unlike U.S. agrarian desires for freer foreign trade, American protectionists, especially struggling “infant” industrialists in Pennsylvania and New England and their representatives in Congress, called for greater regulation of U.S. commercial policy. They thought that by erecting federal protective tariff barriers, America’s domestic “infant” industries would be able to mature. Under the Articles of Confederation, however, no uniform national tariff policy could be established, nor were the predominantly agrarian, export-oriented southern states in favor of such a policy. One British magazine happily reported in 1785 that “the restraint laid upon [American] trade with the British West India islands has thrown them into the utmost perplexity; and by way of retaliation they are passing laws inimical to their own interest; and what is still worse, inconsistent with each other ... Hence the dissensions that universally prevail through what may be called the thirteen Dis-United States.”<sup>3</sup> These ongoing threats to American trade spurred federal leaders to centralize power by adopting the Constitution in 1789.

European encroachment upon U.S. freedom of trade would soon lead to another war with the British Empire. Republican leaders of the early republic increasingly viewed the ongoing Napoleonic War between Britain and France as a threat to the prestige and success of the tenuous republican government of the United States. By 1803 the ongoing Anglo-French conflict led to further curtailments of U.S. trade.

French and British seizure of American ships and sailor impressments promised to undermine U.S. national and commercial sovereignty. President Thomas Jefferson sought a European embargo in December 1807. Foreshadowing the subsequent failure of Confederate “King Cotton” diplomacy of the Civil War, Jefferson badly overestimated the susceptibility of England to the American embargo. To make matters worse, the newest British Orders in Council and the French Berlin and Milan Decrees (1806–1807) put American “neutral” trade at further risk of seizure. Jefferson believed his embargo would put such economic pressure on the European belligerents that it would end the European seizures. But he was proven wrong.

Some southern Republicans were keen to note that cotton and tobacco profits had fallen owing to the British blockade of the Continent. Republicans in other areas foresaw economic depression and losses of tariff revenue. The historian Jon Latimer goes so far as to claim that “the basis of antagonism that led to war was America’s desire to continue its overseas trade undisturbed by events in Europe.”<sup>4</sup> At war’s end, however, Americans had gained none of their war aims. Their capital city lay in ruins. European impressment of American ships continued. U.S. foreign trade found itself hit hard again in 1815, when agrarians found their excess wheat was excluded from the British Isles owing to the passage there of the Corn Laws, which established restrictive protective tariffs on foreign grain. The War of 1812 had done little to ease the restrictions on U.S. foreign trade.

## Westward Expansion and the Civil War, 1816–1865

The largest transformations in U.S. foreign trade policy during the long 19th century most often occurred (1) as a consequence of war, (2) in the wake of economic crises, or (3) in those rare instances in which one party found itself in control over both houses of Congress and the executive branch. The years that followed the War of 1812 were no exception. The Tariff of 1816, for example, was meant to shelter U.S. infant industries from Britain’s more advanced industrial exports and was sold to the pro-free-trade Anglophobic South as a temporary preventative measure in case of another war with Britain. Then, in 1819, an economic panic struck. U.S. economic nationalists used the Panic of 1819 to gain the upper hand in federal politics, and thereafter passed a series of protectionist bills in 1824, 1828, 1832, and 1842, all of which were aimed at insulating “infant” Pennsylvania iron industries, hemp growers in Kentucky, and sugar growers in Louisiana, among others, from foreign competition. Owing in no small part to changes in British trade policy and to U.S. westward expansion, those supporting trade liberalization were able to turn the protectionist tide in 1846.

U.S. trade liberalization from 1846 to 1860 arose largely as a result of the influence in the United States of Victorian free-trade ideology, to changes in British trade policy, and to Anglo-American geopolitical tensions. The transatlantic influence of Victorian free trade policies and ideas played a major role in shifting the United States toward freer trade between 1846 and 1860. At the same time as Jeffersonian free traders like President James K. Polk and his Treasury Secretary Robert Walker, the principal author of the low 1846 tariff bill, were seeking an aggressive policy of westward expansion, the British were abandoning protectionism for free trade owing to the lobbying efforts of the Anti-Corn Law League (ACLL, 1839–1846). Even as Richard Cobden, Victorian England’s “apostle of free trade” and leader of the ACLL, argued for overturning England’s longstanding protective duties on foreign grain, Polk was turning his imperial sights toward the Oregon Territory, an area to which both the United States and the British laid claim and one that promised to open up Pacific-Rim markets to U.S. exports. As this Anglo-American territorial dispute became more heated, American Anglophobia skyrocketed; demands for war with the British grew ever louder.

Anglo-American free traders sought to diffuse the territorial dispute amicably. Richard Cobden believed that free trade and foreign policy non-interventionism would make the world’s markets so interconnected that war would be made obsolete. His ideology became known as Cobdenism, and found transatlantic disciples among some of the most avid abolitionists in the United States: men like William Lloyd Garrison, Reverend Joshua Leavitt, Ralph Waldo Emerson, and *New York Post* editor William Cullen Bryant. For them, Anglo-American trade liberalization at once promised to end the Oregon dispute peacefully and to help the transatlantic antislavery cause. Bryant’s pro-free-trade *New York Post* argued in January 1846 that a “free trade tariff on both sides will settle the matter quickly and give us something better to do than fighting.” The ACLL gave its encouragement from across the Atlantic, even as the Corn Laws were on the verge of being overturned. For both sides of the debate, trade was linked to security: for Anglo-American Cobdenite idealists, trade liberalization was linked to peace; for American protectionists, trade barriers were at once a defensive and offensive weapon for a world perpetually at war.

The coinciding of transatlantic trade liberalization with famine in Ireland held forth the possible expansion of free-grown wheat exports to Europe, while simultaneously undermining the European reliance upon slave-grown cotton. The Irish potato famine only added to the Cobdenite desire for Anglo-American trade liberalization. Overturning the Corn Laws promised several benefits: easy access to non-slave-grown U.S. western wheat; potentially providing Great Britain with cheap U.S. grain; strengthening the power of the antislavery states in Congress; and ameliorating Anglo-American tensions through strengthened trade ties. Anglo-American Cobdenites were proven partly right.

The year 1846 witnessed the passage of the low 1846 Walker Tariff, abolishing the English Corn Laws, a modest increase in U.S. wheat and corn exports to Ireland, and a peaceful end to the Oregon boundary dispute.

Less peacefully, the U.S. Navy's Commodore Matthew Perry forced Japan, at cannon's mouth, to open the island nation's ports to U.S. trade in 1853. Japan had been closed to Western trade for more than two centuries. In 1854 Perry, representing the U.S. government, required that Japan sign a treaty allowing U.S. merchant ships access to select Japanese ports. Another treaty was signed in 1858 opening up even more Japanese ports to U.S. trade. Perry's opening up of Japanese markets contributed to the collapse of the Tokugawa Shogunate in 1867 and the rise of the so-called Meiji Restoration in 1868.

Without the threat of cannon, the United States also set up a reciprocity agreement with the British colony of Canada in 1854. The reciprocal trade regime tended toward trade liberalization between the two contiguous states. But to the chagrin of Anglo-American free traders, little else along these lines developed in the years that followed.

The passage of the low tariff of 1857 turned out to be the last U.S. legislation in favor of trade liberalization for more than half a century. An economic panic coincided closely with the new legislation, and the protectionist majority of the recently formed Republican Party would make good political use of this timing. The Republicans won the 1860 presidential election on a platform built around antislavery and economic nationalism. The passage of the Republican-backed protectionist Morrill Tariff and the arrival of Abraham Lincoln in the White House in March 1861 heralded an American era (1861–1933) largely dominated by Republican presidencies and a trade policy of protectionism at home and abroad.

The North's Morrill Tariff also exacerbated Anglo-American tensions during the first couple years of the U.S. Civil War (1861–1865). Following Britain's shift to free trade after 1846, the ideology of Cobdenism effectively became the closest Britain came to a national identity. But while the British rallied to free trade, the Republican Party instead went fast to work toward establishing the American System of economic nationalism. Free-trade England found the North's turn to protectionism outrageous and ill-timed. Many Britons viewed the protectionist legislation as a threat to British exports, antithetical to Britain's Cobdenite ideals, and as a further source of alienation against the country's seceding southern states. The Union compounded British outrage with the establishment of a blockade of southern ports, cutting off British access to southern cotton, which at that time made up nearly 80 percent of the island nation's raw cotton imports.

The Confederacy sought to exploit the initial transatlantic confusion surrounding the war's causation by practicing King Cotton diplomacy—the threat of withholding cotton



from a European market still dependent on the U.S. export—while simultaneously promising free trade in the hope of obtaining recognition from the cotton-dependent European powers. During the first year of the war, the Confederacy's governmental and nongovernmental free-trade diplomacy proved to be quite effective in confounding European public opinion, in garnering a certain measure of sympathy, and thereby increasing the prospect of European recognition. By 1863, however, the transatlantic confusion surrounding the Morrill Tariff had largely been dispelled, although Anglo-American misunderstandings stemming from the war's fraught foreign trade diplomacy would continue to exacerbate transatlantic tensions and American Anglophobia in the decades leading up to World War I.

## America's Outward Thrust, 1865-1889

After the Civil War, a perception grew among more and more Americans that overproduction and surplus capital required foreign markets. A great debate arose, however, over whether the United States should access them peaceably or coercively; that is, whether the United States should practice free trade or protectionism as its preferred foreign trade policy. Geopolitical insecurity and domestic politics became entwined with U.S. foreign trade policy. Anglophobic Republicans sought a combination of protectionism and informal imperialism—the imperialism of economic nationalism—to counteract British free-trade imperialism in the Western Hemisphere, to stave off cheap exports from free-trade England in order to protect U.S. infant industries, and to maintain artificially high prices for goods and wages for workers. Those favoring free trade argued instead that trade liberalization would lessen Anglo-American tensions, peaceably increase U.S. exports, and make goods cheaper for all Americans. The importance of wages and prices in the fight over U.S. trade policy highlights as well the growth of American consumer demands for international products throughout this period. The onset of a series of economic depressions between 1873-1896 only polarized the debate, whereupon the Republican Party's Anglophobic promise of high prices and high wages alongside coercive market expansion tended to win out over the free traders' promise of cheap goods and peaceful foreign market expansion. The "tariff question" thus came to dominate postbellum U.S. political debates.

The 1865 victory of the Union brought an end to the southern system of slavery. In the years of Reconstruction that followed, with a wary eye toward free-trade England, the Republican Party (based largely in northern manufacturing regions) fast turned its attention from supporting African American civil rights to supporting protectionist trade policies. In 1883, Republicans oversaw the passage of the protectionist 1883 "Mongrel

Tariff,” so named because neither party wanted to take credit for the measure. By 1884, Republicans would ideologically and politically coalesce around the American System of economic nationalism, with long-term effects for U.S. foreign trade policy.

Republican economic nationalism sparked retaliation in Canada, and thus played a critical role in determining the course of North American economic integration. Republican protectionists, still stinging from perceived British diplomatic slights during the Civil War, were quick to abrogate the reciprocity treaty with Canada in 1865, as both states turned to economic and political nationalism. Canada had passed its first protective tariff in 1859 (the Galt Tariff), and it gained even greater sovereignty over its foreign trade policy when it confederated in 1867. In 1879, largely in response to continued Republican unwillingness to liberalize trade between the contiguous states, Canadian Conservatives consolidated around an economic nationalist platform that was openly hostile toward its southern neighbor. It also included a desire for stronger economic ties with the rest of the British world of white settler colonies. The Conservatives sought protectionism to guard Canada’s infant industries from its more developed southern neighbor and to retaliate against Anglophobic Republican desires to build a high tariff wall along the Canadian-American border.

Some Republican imperialists were also beginning to cast an expansive eye toward the Pacific in the 1870s. In 1875, the Republican administration of Ulysses S. Grant signed a reciprocity treaty with Hawaii, foreshadowing a revolutionary shift that would occur under the 1890 McKinley Tariff. Republican-style reciprocity would become an established program for informal imperial expansion into foreign markets. Providing a hint of the Republican informal imperial program that would be enshrined in the 1890 McKinley Tariff, the 1875 treaty forbade Hawaii, or the Sandwich Islands, from signing reciprocity treaties with other countries that promised the same concessions as those given to the United States.

Where reciprocity had previously been associated with trade liberalization through the inclusion of a most-favored-nation clause (most famously in the 1860 Cobden-Chevalier Treaty between Britain and France), this nascent Republican protectionist version of reciprocity coercively limited the foreign trade policy of the Sandwich Islands and, in so doing, limited U.S. and Hawaiian opportunities to develop freer trade with other nations. The Republican administration of Rutherford Hayes, in turn, signed a treaty with Samoa in 1878, granting U.S. access to Pago Pago and thereby providing the United States with a coaling station for U.S. ships destined for the fabled China market.

Mexico was also increasingly entering into Republican imperial designs. In 1883, the Republican administration of Chester Arthur requested that former President Grant should seek a restrictive reciprocity treaty with America’s southern neighbor. European

powers still had economic interests in Mexico. Arthur was hoping to limit European influence and spur the struggling trade of the “New South.” However, Louisiana sugar growers were opposed, and the bill ended up lumped in with other proposed reciprocity treaties with Puerto Rico, Cuba, and the Dominican Republic, along with a proposal for the creation of a Nicaraguan canal.

Grover Cleveland’s Democratic administration from 1885 to 1889 was the first non-Republican presidency in a quarter-century. Cleveland surrounded himself with American Cobdenite free traders, including his secretaries of State, War, Interior, Agriculture, and Treasury, and economic advisors Edward Atkinson and David Ames Wells, the two principal leaders of the postbellum U.S. free trade movement and prominent U.S. members of the London-based Cobden Club, which had been founded in 1866 in order to spread Richard Cobden’s Victorian free-trade ideology abroad, especially to the United States. Cleveland and his Cobdenite cabinet attempted to turn the United States from the American System to one of free trade. As a result, Cleveland forced the 1888 presidential elections into a referendum on American foreign trade policy.

The influence of American Cobdenite free traders within Cleveland’s cabinet held out the possibility of a shift toward trade liberalization and foreign policy noninterventionism as an alternative to Republican protectionism and imperialism. Upon taking office, the Cleveland administration extricated the country from proposed Republican imperial plans to annex territory in Nicaragua for the construction of an isthmian canal and from coercively expanding U.S. economic influence in the Congo and Samoa. The Cobdenite Cleveland administration also sought to take an ameliorative approach toward U.S.-Canadian economic relations. Democratic tariff bills for freer trade, in turn, were proposed unsuccessfully in 1886 and 1888. In December 1887, Cleveland provocatively called for freer trade in his annual message, forcing the coming year’s elections—the 1888 “Great Debate” over low or high tariffs—into a referendum on U.S. foreign trade policy.

Once again, Anglo-American relations contributed to debates over U.S. trade policy. Conspiratorial charges that Cleveland and his cabinet were in league with free-trade England followed the administration’s policies of noninterventionism and freer trade. Anglophobic insinuations of a British free trade conspiracy became a ubiquitous part of the Republican Party’s campaign strategy to defeat Cleveland. Such attacks helped Benjamin Harrison defeat Cleveland and helped give the Republicans a majority in both houses of Congress. It appeared to Harrison and his incoming protectionist cabinet that the American people had spoken regarding U.S. foreign trade policy. An innovative imperial program of protectionism and Republican-style restrictive reciprocity were high on the new administration’s legislative agenda.

## Republican Reciprocity and U.S. Imperialism, 1890-1898

Following the release of the 1890 Census, the historian Frederick Jackson Turner pessimistically pondered what the end of the American continental frontier might mean for U.S. democracy and expansion. In an era frequented by economic panics and by fears of British free trade imperialism in Latin America, the Pacific, and the United States itself, more and more Americans were desirous of accessing foreign markets. With the end of Turner's "frontier," political and ideological debates over U.S. foreign trade policy were also becoming increasingly tied to debates over American imperialism.

Republican control of both congressional houses allowed passage of the McKinley Tariff in October 1890. The bill's extreme levels of protectionism—including an ad valorem rate of approximately 50 percent—sent economic shockwaves to the far reaches of the earth, highlighting the global impact of U.S. trade policy by the late 19th century. For example, nationalist calls for protectionism in India increased, thousands were put out of work in Germany, Britain, and Austria, and it was reported that one wool mill owner in Lichtenberg was even driven to suicide as a result of the U.S. legislation, and demands for imperial federation and tariff retaliation arose throughout the British World of white settler colonies.

The imperial-minded administration of Benjamin Harrison also innovatively began implementing what would become a key protectionist weapon in the Republican Party's informal imperial arsenal—reciprocity. The reciprocity provision in the new protectionist legislation included a conditional most-favored-nation clause, in contrast to the inclusivity of an unconditional most-favored-nation clause that free traders supported. Not only could the reciprocity treaty lower tariff rates with signatories; the U.S. president could decide to retaliate with massive punitive tariffs against signatories if they were deemed to have deviated from the terms of the agreement. The goal was to induce Latin American states to sign exclusive reciprocal agreements with the United States, and thereby undercut the economic influence of the European powers in the hemisphere. Signatories included El Salvador, Guatemala, Honduras, Nicaragua, the Dominican Republic, Brazil, and Spanish-controlled Puerto Rico and Cuba.

The McKinley Tariff's passage also placed added strain on Canadian-American trade relations, especially when coupled with lingering controversies surrounding U.S. access to Canadian waters. The McKinley Tariff effectively excluded Canada from reciprocal trade relations. As a result, the new U.S. protective tariff forced the Canadian federal elections of 1891 into a referendum on North American economic integration. The Liberal

Party ran on a Canadian-American trade liberalization plank, and the Conservative platform supported shifting Canadian trade from the United States to the British Empire. The Conservatives won, setting the tone for restrained North American trade for about a century. In 1897, Canada developed an imperial trade preference program and a protectionist program for its southern neighbor.

The McKinley Tariff also placed raw sugar on the list of free imports, which destabilized the international trade in sugar. It offset the move at home by providing U.S. sugar growers with a sizable bounty. The bounty was seen as a threat to protective beet sugar industries in Europe. Even more, the tariff undermined the cane sugar interests in Hawaii, which had been receiving special access to the U.S. market under the previous 1876 reciprocity treaty. The changes wrought by the McKinley Tariff sparked a severe depression in Hawaii. Sugar made up over 90 percent of the country's exports, and these exports were now in global competition with all the other sugar exporters for the U.S. market. Hawaiian sugar growers—predominantly U.S. businessmen—decided that U.S. annexation of Hawaii would fix the crisis. The Harrison administration aided the endeavor by sending U.S. naval support to back up the annexationists. The Hawaiian queen was immediately deposed. The Harrison administration then sought quick ratification of the proposed treaty of annexation, but they could not get it through Congress before Grover Cleveland reentered the White House in early 1893. In nearly his first act, Cleveland vetoed the Hawaiian annexation treaty and restored the Hawaiian monarchy. The Democrats swept back into power. Controlling both houses of Congress, they were able to pass the more moderate Wilson-Gorman bill in 1894. Notably, the new tariff also undid the Republican Party's reciprocity program established under the McKinley Tariff.

## **The Open Door Notes and America's Closed-Door Empire, 1897-1913**

Ohio Republican William McKinley—the “Napoleon of Protection”—won the presidency running (as he had in the House) on the slogan “protection and reciprocity.” Practically his first act when he entered office in 1897 was to see the Wilson-Gorman Tariff replaced with the highly protectionist Dingley Tariff. The new tariff legislation again included a retaliatory reciprocity clause—what McKinley's Secretary of Treasury Leslie Shaw described as “the natural handmaiden of protection”—setting the imperial stage for a Republican-dominated expansionist foreign trade policy of protectionism mixed with reciprocity for years to come.

Republican Secretary of State John Hay's "Open Door Notes" of 1899 and 1900, calling for equal access to Chinese markets, have long been misconstrued as a call for free trade. But the notes fell far short of free trade; instead, they demanded equal treatment and access to the fabled China market. Indeed, the McKinley administration described the ill-named open door policy as part and parcel of its expansive vision for protectionist imperialism. As Massachusetts Republican Senator Henry Cabot Lodge argued in a speech before Boston's protectionist Home Market Club in 1901, the open door "does not mean free trade. Let China levy any duties she pleases, but let them be the same to all the world." A protectionist journal, the *American Economist*, similarly observed that same year that "the magnificent open door policy is Protection for American industry." It is also illuminating that the call for equal tariff treatment was directed only at China, where the United States held little influence, and not at America's colonies acquired from the 1898 Spanish-American War.

The ad hoc nature of what is better described as a closed-door empire followed U.S. trade policy toward Puerto Rico in 1900. Republican protectionists fast realized that if they opened U.S. doors to Puerto Rican trade, they would next have to open them to Cuban sugar and tobacco growers and to cheap Filipino labor. A McKinley administration spokesman rather aptly described the dilemma in April 1900: the President did not "want any legislation for Puerto Rico that will keep us from legislating for Manila." It was then decided that the United States would extend a slight discount on Puerto Rican imports, but still would levy protective duties. The Supreme Court gave its legal seal of approval in the first of many so-called Insular Cases. The May 1901 decision effectively gave legal sanction to the U.S. imperialism of economic nationalism. The court decreed that the U.S. government had the right to enact protectionist legislation on Puerto Rican imports. The court's decision led the British writer Sidney Brooks to declare, "The American Empire is a Protectionist Empire." Other critics noted that it meant that the U.S. colonies would remain outside the powers guaranteed in the U.S. Constitution.

President McKinley's ad hoc imperialism of economic nationalism was then promptly enacted in the recently acquired colonies. For example, from 1898 to 1902, the U.S. government treated the Philippines as a foreign state, fearing an influx of Asian exports and immigrants if the colony were given free access to the U.S. market. The 1902 U.S. Revenue Act thereafter gave Filipino exports a 25 percent discount when entering the United States. The subsequent "splits" tax—a 100 percent tax on non-U.S. textiles—was supposed to spark Filipino purchases of U.S. cotton textiles, but the increased prices were too high for the poverty-stricken people. The results of the "splits" tax earned the ire of the Episcopalian bishop of the Philippines, Charles H. Bent, in 1906. His criticisms were seconded by the American Anti-Imperial League. The 1909 Philippine Tariff Act and the Payne-Aldrich Tariff had the dual effect of eliminating tariffs between the United

States and the Philippines, but also included duties on any non-U.S. imports to the Pacific colony.

The Puerto Rican trade policy developments also played a crucial part in the debate over Cuban reciprocity. Unlike the Philippines and Puerto Rico, Cuba was not technically a formal U.S. colony, but it had become one in all but name following the 1901 Platt Amendment. Owing to the influence of the Sugar Trust, which hoped to gain free access to Cuban raw sugar, a reciprocity treaty was crafted from 1902 to 1903 that gave preferential treatment to Cuban exports to the United States. U.S. beet sugar growers were less than happy with the prospect of competing with Cuban sugar, so the 1903 treaty ended up also including some measure of protectionism on Cuban exports to the United States, much like the discounted tariff rate that was established for Puerto Rico. This policy was replaced by a harsher retaliatory tariff by the Taft administration in 1909 that closed the door even more to free Cuban access to the U.S. market. As these Republican-led trade policies in its colonies illuminate, by the time of World War I, U.S. foreign trade policy had thus transformed into an expansive imperial program of protectionism and restrictive, exclusive reciprocity.

The GOP's imperialistic economic nationalism found its turn-of-the-century complement in "dollar diplomacy," the extension of much-needed loans to Caribbean and Pacific states like Nicaragua and the Philippines in exchange for control over the country's monetary and trade policies. U.S. financial missionaries like Charles Conant were empowered with overhauling the tariff policy and monetary policies of these predominantly silver-using countries by placing them on a gold-exchange system based upon the U.S. dollar—and backed with the threat of U.S. Marines. Democratic President Woodrow Wilson expanded this imperial program into Nicaragua, Haiti, and the Dominican Republic during World War I.

The expansion of U.S. imperial foreign trade policy in the Western Hemisphere exacerbated tensions with the European powers. For example, Germany responded to the protectionist 1897 Dingley Tariff—which discouraged German manufacturing exports to the United States—by decreasing its importation of U.S. foodstuffs. The 1909 Payne-Aldrich Tariff's maximum-minimum schedule deviated somewhat from previous Republican tariffs by including a general minimum tariff that could be replaced by a maximum tariff schedule against states that discriminated against U.S. exports. This threat of retaliatory maximum duties allowed President Taft to negotiate treaties with twenty-three nations. The new tariff also left the option on the table for conditional most-favored-nation reciprocity treaties, such as that unsuccessfully proffered to Canada in 1911. So, too, did continued British supremacy in South American trade, alongside the substantial growth of German export markets in Argentina, Brazil, and Chile, serve to strengthen the Republicans' predilection for protectionism as both an offensive and

defensive weapon, and to exacerbate transatlantic trade tensions in the years leading up to World War I.

## Discussion of the Literature

Alfred Eckes (1995) provides a sweeping history of the opening of the U.S. market and the debates surrounding it across the 19th and 20th centuries. Max Edling's (2003) work on U.S. economic development during the Revolutionary and Early Republican periods has ably connected U.S. fiscal-military policy to the country's constitutional and trade history. Paul Gilje (2013) in turn has recently reexamined how U.S. foreign trade policy across this early period, particularly debates over free trade, played a key role in the outbreak of another war with the British in 1812. Others, like Brian Schoen (2009), have uncovered the sophisticated, albeit ultimately flawed, foreign market vision of the antebellum South. The importance of transatlantic trade developments on U.S. westward expansion was uncovered back in the 1920s and 1930s by Thomas Martin (1928, 1932) and Fred Merk (1934), a subject that has since been revisited by Scott James, David A. Lake (1989), and Marc-William Palen (2016).<sup>5</sup>

The history of U.S. foreign trade policy by the Civil War era in many ways merges with longstanding historiographical debates over U.S. imperial expansion. Orthodox histories deemphasized foreign trade's importance within the history of U.S. foreign relations because U.S. foreign trade made up such a small percentage of the country's GDP. But in the 1930s, Charles Beard (1934) began to push back, arguing that the political and ideological debates surrounding U.S. foreign trade policy were closely tied to the history of what he called U.S. "open door" expansionism.<sup>6</sup> With the publication of *The Tragedy of American Diplomacy* in 1959, William Appleman Williams (University of Wisconsin, Madison) provocatively brought Beard's speculations together with a Marxist critique of U.S. capitalist development. Williams and subsequent scholars of the so-called Wisconsin School, such as Walter LaFeber (1963), provocatively suggested that the actual amount of U.S. foreign trade mattered little; it was the *perception* of the need for new markets that made U.S. foreign trade policy so important. The works of Wisconsin School historians Ed Crapol (1973), Tom Terrill (1973), and Thomas McCormick (1967) have delved more deeply into the domestic and congressional politics over foreign trade, as has the earlier work of Edward Stanwood (1903) and Frank Taussig (1924, 1931). Innovative studies of U.S. economic globalization, such as those of Kristin Hoganson (2007) and Emily Rosenberg (1982, 2003), in turn have begun to draw much-needed attention to the important role that American consumer culture, financial missionaries, and multinational corporations have



played in the development of U.S. foreign trade policy in the late 19th and early 20th century.

The influence of Gallagher and Robinson's "imperialism of free trade" thesis also played a critical role in the shaping of the Wisconsin School's revisionist scholarship, as it allowed them to uncover an informal U.S. empire—an Open Door Empire—built around U.S. foreign trade policy.<sup>7</sup> Williams (1959, 1969) described Open Door imperialism as the American version of the imperialism of free trade. For the Wisconsin School, debates over the course of U.S. foreign trade policy were portrayed as tactical debates of informal U.S. imperial expansion—assertions that the nature of U.S. capitalism tragically and inevitably led to U.S. imperialism since its founding. Americans at all levels—government, business, agrarian, labor, Republicans, and Democrats—were thus portrayed as advocates of American free trade or open-door imperial expansion that is commonly associated with U.S. "neoliberal" trade expansion after World War II, culminating in the rise of the "Washington Consensus" within U.S. foreign trade policy in the late 1980s.

The Wisconsin School's revisionist open-door imperial scholarship has not gone unchallenged. William Becker (1982) has uncovered how the intensity of industrial demands for U.S. export promotion into foreign markets at the turn of the century was far from even or universal. And in the 1990s and early 2000s, scholars like David Pletcher (1998, 2001) and Alfred Eckes (1995) placed renewed attention upon the 19th-century debates over foreign trade policy and the opening of America's market. They also emphasized the ad hoc shifts in U.S. foreign market expansion, rather than the Wisconsin School's portrayal of bipartisan imperial continuity. More recently, the Wisconsin School's free trade characterization of U.S. foreign trade policy has come under scrutiny for the long 19th century. Historians now note that U.S. foreign trade policy during the late 19th and early 20th centuries, in particular—where so much revisionist open-door scholarship has focused—was a period when economic nationalist trade policies dominated. Historians such as Marc-William Palen suggest instead that this was not an open-door empire, but an expansive closed-door empire; through a combination of protectionism and restrictive reciprocity, the United States practiced the imperialism of economic nationalism, not the imperialism of free trade. In other words, the United States was enforcing preferential protectionist measures on its formal and informal empire, not free trade. This post-revisionist scholarship accordingly draws renewed attention to the great debate over U.S. foreign trade policy, to the economic ideas that underpinned it, and to its consequences for U.S. imperial expansion to 1914.

## Primary Sources

The papers of many of the key shapers of U.S. foreign trade policy throughout the long 19th century are now available in print, on microfilm, and in American archives. See, especially, the archival holdings of the National Archives, the Library of Congress, the Massachusetts Historical Society, and the New York Public Library. The debate over U.S. foreign trade policy filled the free trade and protectionist organizational propaganda, be it pamphlets, speeches, conference proceedings, cartoons, and leaflets. The pro-Democratic *Punch* and the pro-Republican *Judge* magazines are quite useful. For the changing meaning of reciprocity, alongside the above resources, the work of J. Laurence Laughlin, H. Parker Willis, and Frank Taussig's work remain quite instructive despite their age.<sup>8</sup> Informative U.S. government publications include the U.S. State Department's *Foreign Relations of the United States* (FRUS) series, as well as the *Annals of Congress* (1789–1824), the *Register of Debates in Congress* (1824–1837), *Congressional Globe* (1833–1873), the *Congressional Record*, the annual reports of U.S. consuls on U.S. commercial relations, and U.S. tariff commission reports. Many of these also include useful statistics relating to U.S. foreign trade.

Digital media databases are available through ***Nineteenth Century US Newspapers Online***, ***Google News Archive***, ***Google Books***, and the digital archives of the ***New York Times*** and the ***Washington Post***. The **Library of Congress** continues to digitize a large amount of uncopyrighted material from the era, including the ***Congressional Record and its predecessors***, and some wonderful cartoon collections from popular U.S. political magazines. Foreign online databases are also helpful in exploring the history of U.S. foreign trade policy. ***Hansard online*** provides easy access to British parliamentary debates, for example, and the **British Library's online collection of 19th-century newspapers** is an excellent resource, as are those of the ***Economist* (by subscription)** and the ***London Times* (by subscription)**. Australia's newspaper collections are accessible via ***Trove***. ***JSTOR* (by subscription)** includes a growing number of the era's U.S. and British pamphlets and journals, such as its "19th Century British Pamphlets" collection.

Foreign archives also house many collections not yet available online. The National Library and Archives, Canada, in Ottawa, contains many Canadian newspapers archives, as well as government documents. The National Archives at Kew also contain government documents related to U.S. foreign trade policy.

Primary sources relating to postbellum U.S. foreign trade policy are plentiful. For example, the New York Public Library holds the records of the American Free Trade

League, the most active U.S. free trade organization in the postbellum period, and the papers of many of its leaders. The manuscripts of London's Cobden Club can be found at the Public Records Office in Chichester. The club's manuscripts, along with their propaganda material, which can be found in archives across the globe, provide a useful perspective into how free traders in Europe and across the British World perceived U.S. foreign trade policy. The publications of British protectionist leagues such as the Fair Trade League, the United Empire Trade League, and the Tariff Reform League illustrate how U.S. foreign trade policy influenced British imperial trade policy, in England and across the British World of white settler colonies.

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## Notes:

(1.) Frederick W. Marks, *Independence on Trial: Foreign Affairs and the Making of the Constitution* (Baton Rouge: Louisiana State University Press, 1973), 24, 30, 102, 104.

(2.) Marks, *Independence on Trial*, 36, 38, 43; Thomas Andrew Bailey, *A Diplomatic History of the American People* (New York: Appleton-Century-Crofts, 1955), 65.

(3.) Marks, *Independence on Trial*, 77-79, 83, 138.

(4.) Jon Latimer, *1812: War with America* (Cambridge, MA: Harvard University Press, 2007), 2.

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(6.) Charles A. Beard, *The Idea of National Interest: An Analytical Study in American Foreign Policy* (New York: Macmillan, 1934).

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**Marc-William Palen**

Department of History, University of Exeter

